

The Director of Central Intelligence
Washington, D. C. 20505

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18 May 1984

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Dear

I want to apologize for sitting on your interesting letter so long. Our thoughts on what needs to be done coincide considerably.

If you can stop by for a talk I would like it. Please call to set up a time.

STAT

Yours,

WJ Casey
William J. Casey

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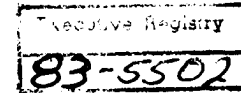
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83-0262

November 29, 1983

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Mr. William J. Casey
Director of Intelligence
Central Intelligence Agency
Washington, DC 20505



Dear Mr. Casey,

Congratulations on your fine speech at Westminster College last month. It is so gratifying to see someone from the senior ranks of government speak out at last clearly and forcibly on an issue which has plagued me and many colleagues for years. Why - we have asked ourselves - has the US been so laggardly in third world development, and allowed the Soviets to steal march after march on it? I certainly hope that your message will be heard by the body politic, and given the positive response it deserves.

Many of us who constitute what you rightly call "our greatest asset in the third world - private business" are struggling against great odds to increase our involvement in developing countries. The global economic climate is not conducive to these efforts, but we see the potential for the future, and are prepared to do our best to stay involved. We are with you completely in what you say about developing people rejecting the Soviet economic system. The people in Africa, Latin America, and Asia that we deal with - the ordinary people - are so innately and shrewdly free enterprise minded that even the least educated knows the value of cost/benefit analysis and of sound finance as well as any Harvard MBA.

We need support and assistance to sustain our efforts, especially in the early stages of an endeavour. We are pleased to see the US government slowly changing from its previous stand-offish attitude towards private involvement in development. But we know that it has a long way to go. If I may be so bold, I would like to bring some specific instances to your attention where, with only minor changes, and no additional funding, government and private efforts in development would work together in a much more fruitful way.

The major problem we encounter is with federal procurement guidelines devised to give all who seek federally funded work a fair chance to get it. Worthwhile programs like the Trade and Development Program of the State Department (TDP) are shunned because its rules do not allow it to fund anyone on a "sole source" basis. If one of my clients and I develop a business opportunity in the third world, and want TDP assistance, we can get it only when the opportunity has been advertised and bids invited on it. In other words, our deal has to become public property, and we have to become one of many bidders before we can get support. Naturally, we are not going to go along with these rules. Why should we put up the outcome of our hard efforts to public bid?



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We realise the political problem and the inherent conflict between the concepts of fairness and entrepreneurship. But we also realise that the essence of private enterprise is entrepreneurship. The US cannot emphasise private initiative and enterprise, and at the same time promote fairness for all. The US cannot have its cake and eat it. It either supports private enterprise, or it goes for fairness for all - and thereby squelches private initiative. To many of us the so-called fairness rules smack very much of the very mechanisms which work so effectively to depress private enterprise in the Soviet Union and other socialist countries.

A second area of difficulty we have with government development programs is the inordinate amount of effort - and hence of funds - which go into ensuring that the programs and their modalities are acceptable to the government, and to the foreign counter-part governments. Referring again to TDP, I was aghast at the enormous efforts now being expended just to set up a program with China. Many of us wonder why the red tape is not cut away completely so that we in the private sector can develop the opportunities. There is little need for the government to first go and develop programs and only then invite the private sector to participate. We and our foreign collaborators - private and public - know what is needed, and what is feasible. We are not adverse to also collaborating with the US government, but we feel it spends far too much effort and money duplicating efforts in areas in which we are quite competent, and willing to work.

Finally, we are bothered by the bewildering array of US agencies and personnel, most speaking with quite different voices, and most already comfortable with their own bevvies of private sector collaborators. We find it difficult to break into the well established "clubs", especially if what we offer is a little out of the ordinary. Some years ago, a private and voluntary organization, which was a client of mine, had the most difficult struggle to get itself heard in AID. Eventually, it received an operational program grant which it has used most effectively against great odds in El Salvador, but it really was not necessary for it to have to struggle so with its own government.

I have a very simple suggestion which could relieve many of these difficulties, and quickly expand the involvement of the US private sector in development. Some may call it simplistic, and too open to abuse. I would rather take my chances with the inherent good sense, honesty and enlightened self-interest of US business, than bother that a few smart operators might exploit the system. Would it be too much to ask that a pool of funds be made available to bonafide US businesses who need support to develop bonafide business opportunities in the third world, and that these funds be dispensed with speed and simplicity?

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Simple rules for determining that a request for support was indeed bonafide could be developed. Equally simple rules could be established to ensure fair distribution of the funds, for instance by type of business, region of the USA, and by such steps as limiting the amount of funds any one organisation could receive in a given time period. Careful monitoring of the use of the funds would be a much more effective use of the bureaucracy than the inordinate care it now takes before dispensing any funds. Business which did not use the funds effectively would be penalised by not being allowed back to the pool. Businesses which were successful would be rewarded by being allowed further access to the funds. Politically such a scheme would be a great success, as funds would flow immediately to businesses all over the country, and not to the already over-inflated bureaucracy and its Washington-based hanger-on organisations.

There is some practicality to my suggestion. Other countries use it most effectively. Our good neighbor to the north is beating us hands down in getting its private businesses out into the third world through such methods as I have described. I even have US clients seriously thinking of setting up Canadian subsidiaries to enjoy its easily obtainable support for the good ideas they want to pursue in the third world.

My complaints and suggestions are those of the small and medium parts of the US private sector. The established big businesses are content enough it seems to me. In some ways they are too content, because of their ambivalent attitude towards development, which they see as something of a threat. They might not be happy with new rules that would make it easier for small firms to get into third world development as that might increase competition. That is fallacious, as most of the work we in small and medium business pursue in the third world is in areas which the big companies do not bother with.

We are also the innovators, and it is well known that it is we who make the necessary breakthroughs today which become the norms of tomorrow. We also come without the tarnished reputation of the giant multi-nationals which deservedly have been condemned for past rapaciousness. There is a growing body of thought that feels that small scale, one-on-one programs are more effective both in a development and in a political sense than are the massive transfers through the multi-nationals.

Forgive me for going on at length. Please take it as a sign of my sincerity in wanting to see the basic good intent of US development efforts turned into something effective, meaningful and beneficial to ordinary Americans. The centrally run bureaucracy now has such a hold on third world development, that it is rare to find ordinary Americans 50 miles from Washington to appreciate the meaning - let alone the urgency - of remarks like yours at Westminster. Only when ordinary Americans are involved in development in the hundreds of

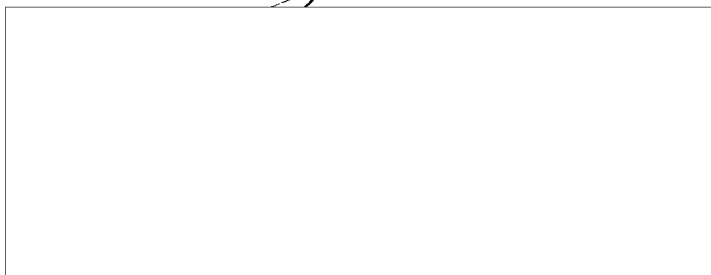
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thousands, will the third world really come alive. The opportunities abound in the millions for ordinary Americans to join with ordinary Africans, Asians and Latinos to develop things. All that is needed is a little support and encouragement at the initial difficult and risky stages, and not the icy haughtiness of a bureaucracy overly concerned in protecting itself from criticism.

I wish you well in your quest to turn the US around to once again become the leader in the third world. If there is anything I can do to help you, I would be most pleased to do so.

God bless you.

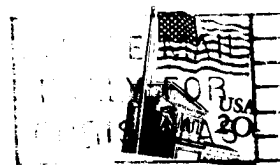
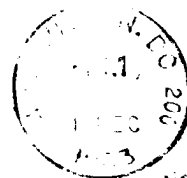
Sincerely,



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